

A Note From Your Advisors

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THE MAIN, GOWIN, FISCHER, RICE GROUP

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This week I read with amusement the [news that Washington and Oregon expect to join the Big 10 Conference](#) in 2024, joining UCLA and USC (previously announced). The Big 10 Conference of my youth was the quintessential midwestern big-state-school thing. Football games between Ohio State and Michigan gave birth to the phrase “three yards and a cloud of dust.” And the Big 10 actually had 10 teams: I know, novel concept. Now the conference will span literally coast to coast and include 19 teams....

On the bright side, what college sports fan wouldn't look forward to seeing UCLA vs Indiana in basketball once or twice each year? Or USC vs Michigan in football? At the very least, Oregon will bring a new level of excitement with super-cool uniforms and helmets (courtesy of Nike). Clearly from a business perspective, the prospect of adding Los Angeles, Seattle and Portland media markets to a conference that already includes Chicago, New York, Washington DC, Indy, Columbus, Detroit, Milwaukee and others has obvious economic implications. The eye-watering \$7 billion price tag that Fox, CBS and NBC recently agreed to pay for Big Ten media rights (over seven years) may actually end up being a great deal for them.

What makes less sense? The idea of the student athletes competing in *all* the sports sanctioned by the Big 10 Conference making trips across three time zones to compete. According to NCAA data, there are 431,276 students participating in a total of 27 different Division 1 sports (only 17% of these play football). I admit, not every Big Ten school participates in each of these sports. But this conference realignment still means that the nine young women competing for Oregon's women's tennis team (and the coaching & support staff) have to miss class and fly from Eugene, OR to College Park, Maryland and back every once in a while, regardless what the TV audience is. (PS as the father of a former cross-country and track runner please know that I am NOT taking a shot at women's tennis or any other non-revenue sport; just the opposite).

Realistically, football pays the bills for virtually all the other D1 sports that are offered. The size of the media deal mentioned above is evidence that there seems to be plenty of money to go around. Money follows attention and eyeballs. The risk is one of concentration – too much focus on one sport causes decisions to be made that result in too much reliance on that one sport. It ultimately can be unhealthy.

And this is why you are reading a blog post about college sports conference realignment on your Financial Advisor's website!! We have all been thrilled to see strong performance in the S&P 500 this summer. However, that great performance has been led strongly by a handful of gorilla technology companies: [Apple](#), [Microsoft](#), [Amazon](#), [Nvidia](#), [Alphabet](#) (Google), [Meta](#) (Facebook/Instagram), and [Tesla](#). Those companies now collectively represent almost 27% weighting of the S&P 500 index. For most of the last decade, this rising concentration hasn't represented much of a concern, simply because those same companies also represented a similarly concentrated percentage of the EARNINGS of the S&P 500. However, since 2020 those two figures have started to diverge: the market value concentration (27%) is greater than the earnings concentration (about 20%). If that trend continues, we will grow much more concerned about the market's over-reliance on these huge tech companies.

[As mentioned in previous posts](#), we are clearly more comfortable seeking opportunity in the market now than we were six or twelve months ago. But we want to avoid getting caught up in the fear-of-missing-out dynamic that results in this kind of narrow concentration. We will continue to manage our client's portfolios accordingly.

- The Main, Gowin, Fischer, Rice Group